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27 May 1958

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CENTRAL INTELLIGENCE BULLETIN



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Next 1 Page(s) In Document Exempt

CENTRAL INTELLIGENCE BULLETIN

27 May 1958

DAILY BRIEF

I. THE COMMUNIST BLOC

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[redacted] Bloc economic integration: Moscow's dissatisfaction with the present status of economic specialization among bloc countries is reflected in the 24 May communiqué of the bloc's Council for Mutual Economic Assistance (CEMA). Because of mutual rivalry and unwillingness to depend on imports from other satellites--highly unreliable in the past--the satellites have been reluctant to go along with various economic specialization schemes purporting to aim at a rational division of labor within the bloc. The Soviet Union can be expected to exert pressure to enforce CEMA decisions, which have often been ignored in the past. [redacted]

N/8
Soviet leadership: Soviet party secretary and presidium member Suslov, who has not been identified in public since 16 May, may be in trouble. Polish Communists, noting his absence from the meetings of Communist bloc members in Moscow last week, are speculating that he has been removed from the Soviet party presidium. While it is possible Suslov may be vacationing, he has from time to time shown signs of being out of step with Khrushchev. His absence from the bloc conferences seems unusual, since Soviet-satellite relations have long been his special concern. [redacted]

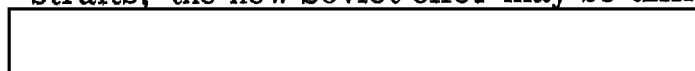
II. ASIA-AFRICA



ND Jerusalem: The clash between Israeli and Jordanian forces in the Mt. Scopus area on 26 May, which resulted in the death of Colonel Flint, Canadian chairman of the United Nations Mixed Armistice Commission for the two countries, may be the prelude to more serious incidents. The next Israeli relief convoy to the Israeli enclave is scheduled to move into the demilitarized zone on 4 June. Jordanian Foreign Minister Rifai has said Jordan will prohibit the convoy from transiting Jordanian territory unless Israel by then has ceased digging fortifications in the zone and has provided adequate identification of convoy personnel.

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OK Sudan-USSR: The Sudanese cabinet is considering a Soviet offer of "unconditional" aid, which, in addition to exchanges of goods, may include cash purchases of Sudanese cotton. Previous offers made solely on an exchange-of-goods basis were rejected by Prime Minister Khalil, who stated he was interested only in cash sales. Khalil has been under strong attack from opposition and anti-Western elements for his recent acceptance of American aid. In view of the Sudan's current economic straits, the new Soviet offer may be difficult to refuse.

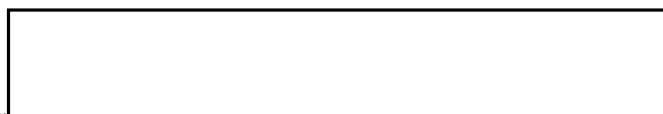


ND Cyprus: All parties to the dispute are awaiting London's new plan for the island's future, now promised

27 May 58

BAILY BRIEF

ii



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by 17 June. Archbishop Makarios apparently is willing to accept an interim solution based on internal self-government while retaining British sovereignty. However, Turkish insistence on partition is unaltered. The new British plan apparently calls for some form of self-government, but excludes both union with Greece and partition. Meanwhile, EOKA attacks on leftist elements in Cyprus and British efforts to ferret armed terrorists from mountain hideouts continue.

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N Tunisia: Leaders of the guerrilla bands which fought France prior to Tunisian independence in 1956 appear to be reassembling their former followers in southern Tunisia. The political bureau of the ruling Neo-Destour party has appealed for general mobilization of all people's forces so they can be at the immediate disposition of the government during the coming "week of vigilance." President Bourguiba announced on 26 May that he will take Tunisia's dispute with France before the UN Security Council.

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France: Pflimlin's position is steadily weakening. The Independent party has asked Coty to summon a meeting of nonextremist party leaders, together with De Gaulle, who

27 May 58

DAILY BRIEF

iii

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returned to Paris on 26 May following a visit from a member of the premier's staff. Socialist leader Mollet appears discouraged and indecisive and believes the general "has but to sit in his tent and wait." With the loyalty of security forces inside France increasingly in question, Interior Minister Moch seems to be considering arming non-Communist militants. The Communist-led General Labor Confederation has called a general strike for 27 May. [REDACTED]

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6/5 Paraguay-Argentina: The Paraguayan Government is disturbed over reports that former Argentine President Peron may arrive in Paraguay momentarily, but feels it cannot legally prevent this. The American ambassador in Asuncion believes Peron's presence could lead to the fall of the Paraguayan Government. Under Argentina's amnesty bill of 22 May, Peron could re-enter Argentina, but would still face criminal charges. [REDACTED]

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LATE ITEM

0/5 *Warsaw Pact announcement: The announcement by the Warsaw Pact organization that Eastern European members will cut their military forces by 119,000 and that the USSR will withdraw all its forces from Rumania and one division from Hungary is primarily intended to make Moscow's stand on disarmament issues appear more conciliatory. At the same time Khrushchev warned that if the West arms West Germany with nuclear weapons, he will set up "rocket bases" in East Germany, Poland, and Czechoslovakia. [REDACTED]

27 May 58

DAILY BRIEF

iv

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I. THE COMMUNIST BLOC

Communiqué of Moscow Economic Meeting

The communiqué issued by national representatives of the bloc's Council for Mutual Economic Assistance (CEMA) and concurred in by the Far Eastern Communist countries indicates that the USSR is renewing efforts toward developing an integrated bloc economy. The communiqué points out that the immediate target is the reduction in cost per unit of output. This can be derived only from mass production, which in turn can best be achieved by national specialization. The tendency of satellites in the past to ignore CEMA recommendations when convenient to do so has blocked progress toward a more closely knit bloc economy.

CEMA will need new powers to ensure that the long-range national economic plans reflect closer economic integration. Such policies will further Khrushchev's program to surpass the West in industrial production, and by increased interdependence will enhance Moscow's control in Eastern Europe.

The communiqué points out that the Far Eastern countries, which have only observer status, will cooperate in the implementation of the new tasks assigned to CEMA, presumably by supplying details on their requirements for bloc industrial goods and their ability to supply raw materials. Specialization of production within the bloc will create hardships for those countries which are primarily agricultural or producers of raw materials but have been maintaining inefficient industries.

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Sudan Considers Soviet Aid Offer

The Sudanese cabinet is reported to be studying a Soviet offer of technical and economic aid, renewed last week by Ambassador Teplov following a statement by Foreign Minister Mahjoub that his government would accept assistance provided there were no strings attached. Prime Minister Khalil rejected barter arrangements suggested by the USSR last year, stating that the Sudan was in need of cash and did not require Soviet goods. Press reports suggest that the latest offer may have been modified to include an arrangement whereby the Sudan would accept those Soviet products which it could use, and receive cash for the balance of cotton taken by the USSR. Cotton is practically the sole source of the Sudan's foreign exchange, and the stock now on hand is valued at more than \$100,000,000.

Khalil's coalition government is being severely criticized by opposition and anti-Western elements who object to his recent acceptance of American aid after rejecting past Soviet approaches. The [redacted] subversive effort aimed at destroying Khalil's small parliamentary majority is making capital of the situation. The issue could cause the defection of a critical number of lukewarm supporters of his coalition, and to prevent this Khalil might feel constrained to accept an offer which includes cash payments. [redacted]

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III. THE WEST

French Crisis

Premier Pflimlin's weakening position is increasingly evident despite the newly imposed censorship on outgoing press dispatches. The key Independent party, now almost solidly pro - De Gaulle, asked President Coty on 26 May to summon a meeting of non-Communist party leaders with De Gaulle, who returned to Paris late last night following a visit from a member of the premier's staff. The government faces heavy going in the National Assembly debate scheduled for 27 May on its proposed constitutional reforms, which have been widely criticized both as too drastic and too mild.

Pflimlin's reported designation of Popular Republican ex-Premier Robert Schuman as his semiofficial intermediary to De Gaulle suggests the premier's desire to prepare, at least contingently, for an orderly turnover of power.

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A majority of the Pflimlin cabinet was

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opposed on 24 May to sending an army unit to re-establish Paris' authority on Corsica because they believed the island would join the rebels.

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Doubts as to the loyalty of the fleet were intensified by the appearance of several French warships on 26 May at Algerian ports rather than their home base of Toulon, following recent NATO maneuvers.

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The Communist-dominated General Labor Confederation (CGT) has called a general strike for the afternoon of 27 May. The CGT's effort to promote brief work stoppages on 19 May, on the occasion of De Gaulle's press conference, was opposed by the Socialist and Catholic trade unions and failed to rally a majority of worker support.

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Paraguay Disturbed Over Reports of Peron's
Imminent Arrival

The Paraguayan foreign minister told US Ambassador Ploeser on 24 May that former Argentine President Peron may arrive in Paraguay at any moment and that Paraguay cannot legally prevent this since Peron is an honorary Paraguayan general and does not require a visa. In a personal letter, the minister has advised Peron he is not wanted in Paraguay, but he does not know what action President Stroessner intends to take.

Peron's return to Paraguay, his first place of exile, would presumably be intended to exert pressure on the Argentine Government. He told the press that he considers Argentina's amnesty bill of 22 May a "trap" to jail him should he return, since it does not remove all outstanding criminal charges. A Peron move from the Dominican Republic to Paraguay, which borders Argentina, would probably increase Peronista demonstrations in Argentina and also increase concern among conservative military groups over possible Peronista influence in Frondizi's administration. The Peronistas reportedly are planning a large demonstration on 9 June to commemorate the abortive revolt in 1956.

Ploeser believes that Peron's arrival in Asuncion could lead to Stroessner's fall by encouraging a coalition of rebel forces in exile and anti-Peron elements in Argentina. Stroessner is already gravely concerned over possible new attacks by exiles based in Argentina, although the major opposition Liberal party reportedly has not been involved in such plans since 22 April, when Argentina and Paraguay issued a joint communiqué stating that all former sources of friction had been removed.

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LATE ITEM

Soviet Bloc Armed Strength Cutback

At the 24 May meeting in Moscow of the political consultative committee of the Warsaw Pact countries, it was decided to reduce the forces of Eastern European members by 119,000 men and to withdraw all Soviet troops from Rumania and one division from Hungary. The planned reductions will include 55,000 Rumanian, 23,000 Bulgarian, 20,000 Polish, 20,000 Czech, and 1,000 Albanian troops. The announcement of the decision made no mention of reductions in the Soviet, Hungarian, or East German forces. The reductions would leave the over-all strength of the Eastern European satellite forces at about one million men.

The withdrawal of one further Soviet division from Hungary would still leave at least three line divisions or about 50,000 Soviet troops in that country, twice the number stationed there before the uprising. There now are 35,000 Soviet troops in Rumania which, like Soviet troops in Hungary, were originally stationed there to maintain the line of communications with Soviet troops then in Austria and, in accordance with Moscow's treaties with these countries, should have been withdrawn in the fall of 1955. There are also 35,000 Soviet troops in Poland and over 350,000 in East Germany.

The announcement is intended to make the Soviet position on disarmament appear more conciliatory during the presummit talks and to reinforce Moscow's argument against discussing Eastern Europe at the summit. This step is also designed to make NATO defense measures, such as missile bases, appear less urgent. Khrushchev meanwhile has warned that if the West arms West Germany with nuclear weapons, he will set up "rocket bases" in East Germany, Poland, and Czechoslovakia.

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